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SUBJECT: NIGERIA: YAR'ADUA GOVERNMENT'S REPORT CARD AT ONE
YEAR AND A LOOK AHEAD

REF: A. ABUJA 345
[1](#)B. ABUJA 833 AND PREVIOUS
[1](#)C. ABUJA 946
[1](#)D. ABUJA 473
[1](#)E. ABUJA 364
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[1](#)M. ABUJA 780

Classified By: Ambassador Robin R. Sanders for reasons 1.4 (b) and (d).

Introduction

[1](#)1. (S) This is the second cable in our series to address U.S. Mission Nigeria's analysis of President Yar'Adua's performance as head of state. Our first report card on him appeared at just over the halfway mark of his first year in office (ref A). This cable looks at what he has or has not done since then, the mood of the country, and outlook for the immediate future. Though it is difficult to generalize as performance varies greatly in different areas, we give the Yar'Adua administration summary grades of a D for its first year political performance and a D+ for its first year economic performance.

Summary

[1](#)2. (S) In February 2008, Mission Nigeria assessed that the Yar'Adua government (then at its 8-month mark) had made many

positive statements but had delivered few tangible results to the Nigerian people. At the government's one year anniversary on May 29, there is little new to report. Though work continues (mostly behind the scenes) on priority areas including Niger Delta security and development, electrical power generation, electoral reform, anti-corruption initiatives, and institutionalizing respect for the rule of law, there is growing public concern that the administration may be moving too slowly to deliver on its promises and there is a growing sense of impatience in Nigeria on the need to deliver. This cable will look at some of the forces affecting the performance of the Yar'Adua administration, including the President's health and personality, his cabinet and key advisors, ruling party politics, and the ongoing court challenge to the 2007 presidential election. We will then briefly review the government's report card on key policy areas, examining what concrete results (if any) have been achieved in the first year and what the prognosis is for future progress. Finally, we will sketch out four possible scenarios for Nigeria's medium-term future. End Summary.

Forces Shaping the Administration's
Performance: Health, Personalities,
PDP Politics, and Elections

13. (S) The President's Health: We continue to assess that President Yar'Adua has real health problems which impact (at least to some degree) his ability to perform in office over the long term. However, information regarding his health is very closely held and it is nearly impossible for us to confirm exactly what conditions affect him and how severe the problems are (ref B). We continue to hear that the President suffers from kidney problems (connected or not to "Churg-Strauss syndrome"), that he undergoes dialysis, and

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(according to a source in Katsina in May 2008-- septel) may have had a kidney transplant in 2002. There are also persistent rumors that the president has ongoing respiratory problems. Yar'Adua recently told a reporter from London's Financial Times that he contracted malaria in April 2008, was ill for four days, and was treated with "a new drug" (no further information provided) which caused an allergic reaction, necessitating his 12-day trip to Germany for medical treatment. According to the interview, he chose Germany because his medical records and regular doctors are there; he said he has been treated in Germany for the past 22 years. Though there may be shades of the truth in this story, it is difficult to believe that it fully explains his unplanned, lengthy absence from Nigeria. We believe that there are more serious underlying medical conditions that the presidency refuses to discuss. However, in our observations of him, including in one-on-one meetings with the Ambassador, he has always been alert and engaged, and (at least on these occasions) his health problems don't seem to impact on his ability to focus or to articulate his vision or policy challenges he faces in his government. He is very fragile physically, but we have seen flashes of his steely personality. We do feel that the latest round of interviews about his health show his recognition of everyone's concern about his ability to remain in office for the long term.

14. (S) Yar'Adua's Personal Style: In addition to concerns about the President's health, his personality is also an important factor in the government's performance. Whatever the exact nature of his health problems, we know that President Yar'Adua travels less than his predecessor did, and Villa sources have told Poloffs that they work shorter hours under the current administration. However, both the President and other senior officials have underscored that their focus is domestic and there are some reports that Yar'Adua meets with his hand-picked confidants late at night (meaning that some Villa sources may not be in the loop on what Yar'Adua is doing). Since his April trip to Germany, Yar'Adua has maintained a relatively low profile, but he has

made campaign appearances in Bayelsa and Sokoto and still holds routine cabinet and other internal meetings. He will also be traveling extensively in June, making international trips to UAE, France, and South Africa. He also just returned from Tanzania. President Yar'Adua is reportedly a contemplative person who is not comfortable making snap decisions. He likes to consider proposals and deliberate on them at length, which can slow down government initiatives. His contemplative nature may also leave room for those around him to act as surrogates in some matters, increasing their own power and opening the door to corruption. However, we strongly note that regardless of his frail health, he is known for being strong willed and can and does get angry. Ambassador has seen flashes of this in discussions of GON actions that were taken without his consent.

15. (S) Cabinet and Key Advisors: We believe that the President relies on a small circle of trusted friends and advisors, many of whom are from Katsina, who act as a kind of kitchen cabinet. We have heard that the First Lady Turai Yar'Adua has significant influence, as do Agriculture Minister Ruma (an old friend of the president), Minister of Defense Ahmed (his college roommate), and Economic Advisor Yakubu Tanimu (associate and friend from the Katsina state government). Governors Shema (Katsina) and Saraki (Kwara) are also reportedly close to Yar'Adua. There are troubling rumors of alleged corruption by the First Lady and Economic Advisor Tanimu, and Governor Saraki is allegedly working to weaken the EFCC in order to shield his family and others from ongoing investigations (Ref C). There were initial concerns that President Yar'Adua would lack control over his cabinet, as some Ministers and advisors have clear ties to the

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Obasanjo administration (including Chief of Staff Mohammed, National Security Advisor Mukhtar, Foreign Minister Maduekwe, and Attorney General Aondoakka). However, there have been no obvious signs of Obasanjo interfering in government matters or setting policy. Interestingly, while President Yar'Adua was in Germany last month, it appeared that NSA Mukhtar was running the show and he was in regular communication with the President. Since early 2008, there have been persistent rumors that a cabinet reshuffle is in the works, but the only Ministerial change so far has been the ouster of Health Minister Adenike Grange after a scandal about misuse of Ministry funds. No one has been nominated yet to replace Grange, though there are rumors that former ruling party Chairman Ahmadu Ali (a medical doctor) wants to take her place. (Note: Ali is Nigeria's Ambassador-designate to South Africa, but reportedly has refused to assume the position because he is angling for something better. End Note.) If the cabinet reshuffle finally happens, we will need to examine the new Ministers closely and try to determine whether they are technocrats, Yar'Adua loyalists, or clients of another "big man" (i.e. Obasanjo, Babangida) to determine what the cabinet changes really mean and whether they will improve (or not) the government's capacity to perform and, most importantly, to pick up the pace.

16. (C) PDP Politics: President Yar'Adua took office under the shadow of Obasanjo, who had clearly hand-picked his successor and ensured his victory at the polls. However, early concerns that Yar'Adua would be a mere puppet for Obasanjo have proven false. Obasanjo clearly retains some power within the government and the ruling Peoples Democratic Party (PDP), but he does not fully control either body. The March 2008 PDP National Convention showed that former President Obasanjo could not unilaterally impose his will or his preferred candidates on the party. Instead, a group of younger sitting governors (including Kwara Governor Saraki, head of the Governors' Forum) imposed a "consensus" candidate, ostensibly to avoid conflict between pro and anti-Obasanjo factions (Ref D). Though the convention proved that Obasanjo was not all-powerful, it was also notable that President Yar'Adua seemed to be removed from the party leadership struggles and did not exert authority over the

chairmanship race or even endorse a candidate. There is little evidence yet regarding his relationship with new PDP Chairman Ogbulafor, though it is likely that Yar'Adua will have more influence over the new Chair than he did over Ahmadu Ali (should he chose to exert it). Additionally, the new PDP Chair does not seem to carry much weight on real party issues. It remains to be seen how much influence the party leadership will have over decision-making in Yar'Adua's government. However, the administration is certainly working closely with the PDP to deliver by-election victories to the ruling party. This would seem to contradict or at least temper the president's stated commitment to electoral reform.

17. (C) Election Challenge Continues: Though the Presidential Election Tribunal ruled in President Yar'Adua's favor in February 2008 (Ref E), the opposition's challenge to the election is not yet over. Both Action Congress (AC) candidate Atiku Abubakar and All Nigerian People's Party (ANPP) candidate Muhammadu Buhari have appealed the tribunal's verdict to the Supreme Court, where hearings began in late April 2008. Opposition and civil society contacts contend that the Supreme Court is more credible and less corruptible than the lower court and there is some chance that the opposition's appeal could prevail and the election would be overturned. It is interesting to note that the opposition offered to expedite the schedule for filing the Supreme Court motions, but their proposal was rebuffed by lawyers for the PDP and the President, noting that they would

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use the full time allowed to prepare their cases. Some observers are asking why the government would choose to prolong the Supreme Court process, rather than conclude it as quickly as possible in order to emerge from the shadow of the election challenges and get on with business. It is possible that the lawyers for the government are simply exercising an abundance of caution to ensure that their submissions are well-prepared. However, some contacts in Abuja have speculated that there may be a strategic reason to slow down the court proceedings. As long as the election appeal remains open, there is the possibility of holding a fresh election. If the President's health is a major issue, the ruling elite may wish to keep their options open and retain the opportunity for a fresh election with a healthy northerner as the PDP candidate. We believe that the Supreme Court may be able to deliver its verdict in late July or even August 2008, assuming it will postpone its normal summer recess as has been rumored (ref F). In recent interviews with the international press, Yar'Adua is on record saying that he will not remain in office if his case is overturned at the Supreme Court. (Note: According to at least one article in the Nigerian press, Yar'Adua has also pledged not to run again should his election be overturned. However, we cannot confirm the validity of this statement, as Yar'Adua has been careful in most other interviews to avoid making any commitment about whether or not he will contest again. End Note.)

The First Year Report Card

18. (C) Niger Delta: Militant activities, including pipeline attacks, bunkering, and kidnappings continue in the restive Niger Delta region, although expatriate kidnappings remain below early 2007 levels. Oil production is down to 1.81 million barrels per day, causing Nigeria to lag behind Angola for the first time as Africa's largest producer. Both the federal and state governments need to work harder to bring development to the region, as poor governance, lack of infrastructure, and lack of jobs are still at the heart of Niger Delta instability. Gas flaring continues (although it has been reduced in some areas) though the GON has pledged to stop the practice by the end of 2008. The GON's Gulf of Guinea Energy Security Strategy process continues, but it has become more of a mechanism for show and tell with the donors

than for actually discussing, agreeing upon, and monitoring actions for security and development. The administration has yet to hold a Niger Delta Summit, as it pledged to do soon after inauguration. However, in mid-May President Yar'Adua told the Financial Times that there will be a Niger Delta summit "within 8 weeks." No details about this summit have yet been made public, but we are told that there are a range of presidential groups and committees trying to tackle the Niger Delta's problems.

¶9. (C) Niger Delta continued: Secretary to the Government of the Federation (SGF) Babagana Kingibe told the Ambassador on May 22 that some progress had been made by state governors in Delta and Bayelsa in curbing militancy, but that Rivers State remained a real problem. Kingibe also explained that the GON was therefore still not ready to hold the summit. In addition, federal government sources recently told Poloffs that the Vice President's Office still has the lead on the Niger Delta and is working behind the scenes to create a Niger Delta "Consultative Steering Committee" under the leadership of Nigerian citizen and United Nations Special Envoy Ibrahim Gambari (septel). However, we believe that the UN is still considering the GON's request that Gambari be placed on leave to head up this committee. In addition, other sources note that Vice President Jonathan may have been sidelined by Yar'Adua on Delta issues for lack of action and

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favoritism toward his Ijaw ethnic group. Yar'Adua may now be working on the Niger Delta problem through other surrogates. Although Minister of Defense Ahmed was recently quoted in the Nigerian press proposing to hire Niger Delta militants to "police the oil pipelines," Kingibe told the Ambassador May 22 that this proposal is not/not official GON policy, but was merely "brainstorming" about employment creation by the Minister with a Senator that was overheard by journalists and reported as fact.

Overall grade: D

Prognosis for next year: If the Niger Delta Summit happens soon and results in not just another "master plan" but in concrete development and security improvements, then Nigerians may rethink their criticisms of the President's slow pace so far. But if the summit and other promises are delayed at length, or if the summit happens and results in yet another plan which gathers dust on a shelf, criminality and militancy are likely to increase and criticism of the President will also grow.

¶10. (C) Electoral Reform: President Yar'Adua pledged his commitment to reforming Nigeria's electoral system upon taking office and in August 2007 he inaugurated a 22-member Electoral Reform Committee (ERC). The work of the ERC is ongoing, though until recently it has mostly taken place out of the public eye. In May 2008, the ERC participated in a USG-sponsored workshop on election best practices (Ref G) and has also begun a series of hearings to solicit public input from around the country. The committee announced it has received over 250 memoranda from interest groups and the public with recommendations for reforms. The ERC's final report may be released in August 2008, after which, if the recommendations are accepted by the President, they will presumably have to be studied by the National Assembly and drafted into bills or even constitutional amendments. Mission reporting on 2008 by-elections indicates that they have been only slightly better than the 2007 general election and still plagued by serious allegations of fraud. There have been four gubernatorial by-elections this year, in Kogi, Adamawa, Sokoto, and Bayelsa, all of which were won by the PDP. Embassy officers observed the Kogi and Adamawa polls (Refs H and I), and found some improvements in logistics and election administration, though there were troubling accusations of fraud at each contest. The only real proof of one's commitment to electoral reform is holding better elections. Nigeria's past elections have not failed due to bad laws or policies; they lacked credibility because existing laws were flouted with impunity. If Yar'Adua wants

to be taken seriously by the Nigerian people (and the international community) on electoral reform, he must show the political will to hold credible by-elections, reorganize the Independent National Electoral Commission (INEC), and begin early preparations for a well-organized poll in 2011.

Overall Grade: C -

Prognosis for next year: If the ERC report contains useful suggestions for reforms of the electoral system, Yar'Adua will need to act quickly to reassure the Nigerian people and pressure INEC and the National Assembly to implement the changes (which will likely include the reorganization of INEC). If the report is not credible, or if the government appears to merely shelve its conclusions, public faith in his commitment to electoral reform will disintegrate.

11. (S) Combating Corruption: The administration's initial moves in the anti-corruption field were promising. Half a dozen former governors were brought to court to face corruption charges, and investigations are reportedly underway against several other former officials. However, more recently the trend seems to have stalled, and now appears to be moving in the wrong direction. First, the widely respected EFCC Chairman Nuhu Ribadu was removed (Ref

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J). Then the prosecutions of the former governors seemed to stall-- there has been no real news on the cases against Ibori, Odili, or any other big fish in months and those on trial have been released on bail (some because of poor health). Meanwhile, on May 15 Yar'Adua announced the nomination of Farida Waziri, a retired senior policewoman, as the new acting EFCC Chair (pending Senate confirmation), but already accusations are emerging that she may have personal ties to some of the officials under EFCC investigation, which could hamper her effectiveness (ref K). In addition to the overall turmoil at the EFCC, Attorney General Michael Aondoakaa has been a serious impediment to the fight against corruption. EFCC sources allege he is currently holding up at least four requests from foreign governments for law enforcement cooperation on investigations of Nigerian officials. Former EFCC Chairman Ribadu also told the Ambassador in December 2007 that Aondoakaa was "a real thief who stole all the time" (ref J). In addition, British sources told us in 2007 that Aondoakaa personally held up a British investigation of former Delta Governor James Ibori, leading a London court to release part of his frozen assets at one point due to lack of information. Ibori is also allegedly linked to Waziri's appointment at EFCC (as is Kwara Governor Saraki), and he reportedly maintains significant access to President Yar'Adua. (Note: The President's relationship with Ibori is uncertain as he was included at a recent presidential press roundtable. This will be something we will need to watch given his case before the EFCC. End Note.) One recent positive development was the March 2008 forced resignation of the Health Minister Adenike Grange and the subsequent EFCC investigation into both senior health officials and Senator Iyabo Obasanjo Bello, former President Obasanjo's daughter (Ref L). However, Iyabo was reportedly treated with kid gloves and is now back doing Senate business.

Overall Grade: D

Prognosis for next year: It would be a good sign if AG Aondoakaa were removed in the cabinet shuffle, but Mission considers that unlikely. EFCC needs to be judged by its effectiveness as an institution, and unfortunately it may be starting to fail on this point. If Waziri does not seem to take vigorous actions in the first few months, it would be a very negative signal. We have made it known that we are watching this issue very carefully and any change in the vigor of the EFCC would be of major concern to the USG.

12. (S) Rule of Law: Despite serious allegations that people close to the President may have paid bribes to influence court verdicts (Ref M), Yar'Adua himself seems to be genuinely committed to improving the government's adherence to the rule of law on big issues and on the surface. He has generally refused to interfere with the workings of the

judiciary or the legislature, and has insisted upon greater transparency by the legislature and the ministries in the budget process. He sacked his Health Minister for failing to comply with a directive to return excess funds at year's end.

He has insisted on reversing the privatization of Ajeokuta Steel and the Kaduna and Port Harcourt refineries (all approved under the Obasanjo administration). However, we know that with certain inner circle and cabinet people he has had to turn a political blind eye in order to get other things he wants done. We believe he must know, for example, that his Attorney General is a crook, but the AG provides a service in helping him get some of the dirty work done. The First Lady, we continue to hear, is a problem: likes to live well, is not the kindest person in the room, and takes advantage of illicit enrichment opportunities. It is impossible for President Yar'Adua not to know these things. Overall Grade: C- (as he rhetoric is right)
Prognosis for next year: Fair. Though it may have slowed progress in other areas, Yar'Adua seems to be consistent in insisting upon due process and rule of law, at least in

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large, visible public issues/projects. We hope the big issues continue to have his rule of law commitment and if so, over time, this may slowly have a positive impact on government institution-building, accountability, and transparency.

¶13. (S) Given the preceeding discussion on the political landscape and themes noted above, we give the President the following overall grade on political achievements: D

¶14. (C) Economic Growth: The Yar'Adua administration inherited solid macroeconomic figures and over the last 12 months those figures have stayed steady. According to the International Monetary Fund (IMF), Nigeria's real GDP growth was 6% in 2006, and 6.3% in 2007, with 9% forecast for 2008. Inflation remains in the (high) single digits and fiscal restraint has been maintained in the 2008 budget. Obasanjo government initiatives on development plans at the national, state, and local levels continue and Yar'Adua's Economic Management Team (EMT) has focused on incorporating these programs into the Seven Point Agenda, which focuses on power and energy; food security; wealth creation; transport sector; and land reforms. According to the Nigerian Central Bank, the non-oil sector grew at 10% in 2007, an increase from 8.6% in 2005, and foreign exchange earnings reached \$51 billion by January 2008 and reports are that they reached \$61.56 billion as of May 2008. The banking sector consolidation has led to stronger banks that have sought partnerships with American, European, African, and Asian financial institutions.

¶15. (C) Economic Growth continued: Despite the strong macroeconomic figures, the trade regime and investment climate have not improved. Nigeria has failed to uphold its commitments to the World Trade Organization and continues to have high tariffs and bans on a number of imports, including agricultural products and cement. Job creation and new investment are still hampered by infrastructure problems, legal barriers to market access, high interest rates and lack of investor confidence in the rule of law. The GON has reversed itself on several privatization schemes, including the sale of the SAT-3 cable, NICON insurance company, and the Nigerian Telephone Company (NITEL). In the early months of the Yar'Adua administration, increases to the value-added tax, petroleum prices, and the sales of the Port Harcourt and Kaduna oil refineries were quickly reversed. The naira has appreciated against the dollar, and its continued appreciation will likely reduce non-oil exports, hurting domestic manufacturers. As detailed below, key policies for all-important energy sub-sectors are still pending. Overall Grade: C

Prognosis for next year: Despite repeated statements by the President and other senior officials, it is unclear whether the EMT has a long-term strategy. If there is no plan, then it is likely that the solid macroeconomic figures may weaken

because of increased inflation. The government also needs to ensure that poorer Nigerians reap some of the benefits of Nigeria's growth and see some improvement to their basic standard of living.

¶16. (C) Power Generation: President Yar'Adua has made improving power supply nationwide one of his top priorities. However, energy experts contend that electricity generation has dropped from an estimated average of 2,800 megawatts (mw) at the May 2007 inauguration to an average estimate of less than 1,630 mw from the state run Power Holding Company of Nigeria (PHCN) due to crumbling generation and distribution infrastructure and insufficient natural gas supplies. In any case, there has not yet been any increase in generation capacity or delivery of electricity during the Yar'Adua administration's first year. The National Assembly has been investigating funds spent during the Obasanjo administration

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on power projects ranging from an alleged \$10-16 billion. The President said early on that he would declare a "state of emergency" in the sector, allowing the federal government to marshal additional resources, but so far nothing has changed and the "emergency" has not yet been officially declared. The government continues to trumpet Public-Private Partnerships (PPPs) as the way forward, yet no clear plan has been produced that integrates power projects with natural gas supply, distribution, and transmission networks and rational pricing to induce further investment. (Note: The USG is providing technical assistance to help GON ministries with the way forward. End Note.) The government's overall plan is to first complete existing projects and then use PPPs to create new ones. Overall Grade: C-
Prognosis for next year: If the GON executes its short-term "quick-fix" plan, they could show initial measurable improvements in power supply by the end of this year.

¶17. (C) Oil and Gas: The President's hands off approach to policy making has sown, if not confusion, at least hesitancy in the hydrocarbon sector. Oil production rose modestly in the first few months of the Administration, but has fallen steadily since September 2007. Although the President announced in August 2007 that he intended to reorganize the bloated and corrupt Nigerian National Petroleum Corporation, failure to clearly establish a timeline or clear plan have frozen the little work the company was doing and delayed almost all new oil and gas contracts. Following the trend set under the Obasanjo administration, the current administration has failed to fully fund the joint ventures with the oil companies, further crimping production.

¶18. (C) Oil and Gas continued: Plans developed under Presidential Special Advisors Rilwanu Lukman and Emmanuel Egbogah to restructure existing oil and gas contracts in such a way as to eliminate the need for government cash payments have been lauded in their overall intent, but industry executives worry about the timing and the possibility that new contract terms will be uneconomic. A new domestic natural gas policy, developed under the previous administration, was publicly unveiled in February 2008. Designed to encourage the use of natural gas for domestic electricity production and other industries, its top down, statist approach to supply, demand and pricing is not likely to spur the development of Nigeria's extensive gas resources. The new-found emphasis on using gas to supply electricity, while understandable, has lead to worry over Nigeria's commitment to export gas projects like the West African Gas Pipeline and the various liquefied natural gas projects under consideration.
Overall Grade: D

¶19. (S) Given the preceeding discussion on the economic landscape, we give the President the following overall grade on economic achievements: D+

¶20. (S) Bearing in mind the factors influencing the administration's success and the informal "report card" above, we have sketched out four possible scenarios for Nigeria's future. These scenarios represent a range of possibilities from rosy to grim.

¶21. (S) "Yar'Adua Comes Alive": If the Supreme Court upholds Yar'Adua's election, he and his advisors may gain new energy and resolve. Once freed from the legitimacy question that plagued his first year, Yar'Adua may feel more confident and show new willingness to push against powerful interests to accomplish his goals. He could reshuffle his cabinet to

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put in more technocrats or academics with specialized expertise, insist that the EFCC reinvigorate its investigations and prosecutions of corrupt former officials, and insist on reconstituting INEC in preparation for better elections in 2011. With competent advisors implementing development and infrastructure projects, the Nigerian people might begin to see some of the "democratic dividend" they have been waiting for since 1999. Probability: Less than 10%. This is a "best case" scenario that assumes Yar'Adua remains in good health, is truly committed to all his stated reform goals, is able to surround himself with competent advisors and administrators, and has the fortitude to stand up to the powerful networks that benefit from maintaining the status quo.

¶22. (S) "Nigeria Muddles Through": Even if the Supreme Court upholds the president's election, he will still suffer from serious health problems. Regardless of health, he does not have a gregarious nature or a strong political patronage network. Nigeria's entrenched bureaucracies and corruption may then continue to impede progress on political and economic reforms, despite Yar'Adua's stated intention to carry them forward. Yar'Adua's cabinet remains a mix of his own loyalists and individuals connected to Obasanjo, Babangida, or other godfathers, and this mix is not likely to change drastically even if there is a cabinet shuffle. The National Assembly is divided and inexperienced, and although they have been given more freedom than in the past, due to their inexperience and disorganization they are still unlikely to make many concrete changes in the next few years, although they have begun to make their voices heard through greater exercise of their oversight role, even though they are not always right on constitutional or legal grounds. Though Nigeria's judiciary is demonstrating increased independence and improved professionalism, the courts are still hampered by corruption and mismanagement. The bottom line: the Yar'Adua administration still faces difficult political and bureaucratic hurdles to enacting reforms. Reform progress is likely to be slow, perhaps painfully slow, and happen in fits and starts, with corruption continuing to impede progress and the same people remaining influential players on both the political and economic fronts. Probability: 60%

¶23. (S) "Yar'Adua Steps Down in Year Two?": If concerns about Yar'Adua's health increase in the next few months, the Supreme Court could decide to annul the April 2007 election with a view to looking ahead and in the interest of national stability. President Yar'Adua has pledged that he would immediately step down if his election is annulled, and he has not made it clear whether or not he would stand again as the PDP candidate. If his health seriously deteriorates, he would be unlikely to run again, and so Nigeria's "Northern elders" we believe would respond by meeting in private to anoint some other healthy, politically connected Northerner (perhaps Kwara Governor Bukola Saraki, SGF Babagana Kingibe, former NSA Aliyu Muhammad Gusau) as the new PDP candidate. (Note: The role and influence of NSA Mukhtar is something we need to pay attention to in this scenario as he too is an influential Northerner. End Note.) There has been no major

change to the electoral system, so the PDP candidate would easily win the new election, and Nigeria would soon return to the status quo.

Probability: Probably less than 10%, but if Yar'Adua's health takes a sudden turn for the worse between now and August, probability would climb to nearly 80%.

¶24. (S) "Things Fall Apart": In this scenario, the Supreme Court rules to uphold the presidential election (taking away the easy, constitutional option to replace Yar'Adua should the need arise). Some time later, President Yar'Adua

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flounders. This could unfold in several ways: he becomes very ill or even dies; is just so ineffectual that he loses the confidence of the Nigerian elite; or, the Nigerian people (already frustrated because they have not yet seen a promised "democracy dividend" after 9 years of civilian rule) lose patience and are sparked to popular unrest, perhaps by a food or fuel crisis (though neither of those triggers are likely in the short term). If any of these three scenarios unfold and Yar'Adua is unable to maintain control of the country, he is likely to be pushed out. The least messy scenario would be if the northern elites could "convince" Yar'Adua (or southern VP Goodluck Jonathan, who would not be acceptable if Yar'Adua has already passed away) to resign and call for a fresh election. If however, he refuses to step down, or for some other reason it is not possible to install a new, healthy Northerner as president by legal means, the Northern elites may decide to revert to old ways. However, the Nigerian people now know the taste of civilian rule, so this method could be a little harder to pull off than in 1980s and 1990s. (Note: The Mission continues to monitor the military for signs of coup-plotting, and we do not believe the military is considering such an option at this time. However, the military still has strong ties to Babangida, Obasanjo, Danjuma, and other members of the ruling elite, and could potentially be persuaded by such individuals to act to ensure Nigeria's continued stability. End Note.) Probability: Forced out by Northern elites: 15%; Military Coup: 5%; Popular uprising: Less than 1%

COMMENT:

¶25. (S) It is difficult to look ahead to Nigeria's future in the second year of the Yar'Adua administration and beyond. There are still many murky or unknown variables, including the President's health, the Supreme Court verdict, a possible cabinet reshuffle, and not least Yar'Adua's true intentions regarding his stated promises to fight corruption, improve election administration, or bring order and development to the Niger Delta. To tackle thorny, multi-faceted, political problems like these, he will have to fight entrenched interests within his own government. It is not clear that Yar'Adua can take on such powerful interests, or has the political skill to successfully do so. This is a country with tremendous human capital and abundant natural resources. If Yar'Adua and his government are sincere in their professed reform goals and can make even minor improvements in power supply, infrastructure, adherence to rule of law, and Niger Delta development, it will make a tangible difference in people's every day lives, and help to secure public commitment for Nigeria's democratic future. The President has professed the desire to do good. Let's see if he can deliver. End Comment.

SANDERS